



News Release

Pat Quinn, Governor

Jay Rowell, Director

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Unemployment Insurance Tax Rates Fall in 2014

CHICAGO - Unemployment insurance tax rates for most businesses will fall in 2014 as the state economy improves and more people return to work, the Illinois Department of Employment Security said today. Employers who did not reduce their workforce in 2013 typically will see the greatest savings.

Lower tax rates and stronger tools to stop waste, fraud and abuse were part of 2011 legislation that reformed the unemployment insurance program and contributed to saving more than \$271 million in the past two years.

"This is another example of why Illinois is an attractive place for businesses looking to grow," IDES Director Jay Rowell said. "Falling unemployment insurance rates means employers have more money to hire additional workers."

Illinois' Unemployment Insurance taxes make up 0.7 percent of the average employer's per-employee compensation cost – or seven-tenths of one cent for each dollar paid. Unemployment insurance tax rates generally are separated by business type, such as transportation and warehousing or mining. Each of these nine types is lower in 2014. Minimum and maximum tax rates also are established. In 2014, the maximum tax rate of 8.0 percent is down from 8.4 percent. The minimum rate of 0.0 percent is unchanged. Additionally, there is a .55 percent fund building rate all employers pay. Tax rates in 2014 are applied to the first \$12,960 of wages.

Unemployment insurance taxes pay for benefits that workers receive when they are laid off. In Illinois, the taxes support 26 weeks of unemployment benefits. Operational funding for IDES – dollars used to pay salaries and utilities, for example – come from federal funds through the U.S. Department of Labor, not from unemployment insurance taxes nor from the state's general revenue budget in Springfield.

Other factors are considered when calculating an employer's tax rate, including the Trust Fund balance, the number of workers an employer laid off, and the economic climate of the past three years. The long-standing formula allows better planning for employers and eliminates steep, yearly movement in tax rates.

IDES is the state's employment agency. In addition to administering the unemployment insurance program, it also manages the state's hiring board at Illinoisjoblink.com. Job seekers can post multiple resumes to highlight specific skills and target multiple jobs. Employers can use word-search technology, Veteran status and professional licensure to find specific candidates and qualify for tax incentives. There were more than 200,000 Help Wanted OnLine job advertisements in November, 84 percent of which sought full-time workers. Using illinoisjoblink.com to apply for these jobs can help maintain eligibility for unemployment insurance.

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